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February 13, 2007

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.  
Director and Health Officer

SUBJECT: **FOLLOW-UP TO FEBRUARY 2, 2007 UPDATE ON THE PRACTICE OF OVER-COMMITTING OFFICE OF AIDS PROGRAMS AND POLICY FUNDS**

This is a follow up to my February 2, 2007 memorandum (attached) updating your Board on the practice of over-committing grant funds by the Department of Public Health's Office of AIDS Programs and Policy as a strategy to maximize federal and State HIV/AIDS resources. This is to advise you of changes in the timelines for the completion of the HIV/AIDS Medical Outpatient services rate study.

The revised timelines are due to an expanded medical outpatient rate study process that included on-site visits with seven medical outpatient providers by an expert team from Mercer Human Services Consulting (Mercer). These critical site visits helped further inform Mercer's understanding of the costs associated with delivering HIV/AIDS medical outpatient services among a broad range of provider types. These visits have also generated an additional body of work for the Mercer team, necessary to complete the rate study process. The revised timelines are detailed in the table below.

The change in the timeline for the rate study completion does not change the projected dates of the resulting RFP and the commitment to replace the existing cost-reimbursement medical outpatient contracts, which will be on the Board's agenda on February 20, 2007, with contracts based on the new methodology, by March 1, 2009.

Event	Prior Completion Timeline	Revised Completion Timeline
Health Deputy Briefing	February 2007	March 2007
Rate Study Release	February 2007	April 2007
Public Comment Period	March – April 2007	April - June 2007
Rate Study Finalization	May 2007	July 2007
Release of Medical Outpatient Request for Proposals	July 2007	October 2007
RFP Completion Process	Mid 2008	Fall 2008
Start of New Medical Outpatient Contracts	Mid 2008 – March 1, 2009	Fall 2008 – March 1, 2009

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If you have any questions or need additional information, please let me know.

JEF:mjp

Attachment

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller



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February 2, 2007

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.   
Director and Health Officer

SUBJECT: **UPDATE ON THE PRACTICE OF OVER-COMMITTING OFFICE OF AIDS  
PROGRAMS AND POLICY FUNDS**

On October 25, 2005, the Board approved a motion by Supervisor Yaroslavsky, as amended by Supervisors Knabe and Molina, which instructed, the Interim Director of the Office of AIDS Programs and Policy (OAPP) to:

- 1) Analyze the necessity of the current practice of "over-committing" contractual amounts in anticipation of underspending and;
- 2) Report back within 30 days with recommendations for a new methodology and implementation plan that discontinues the over-commitment practice, does not involve additional service reductions, and maximizes CARE Act Grant Award(s) to the extent required by federal partners and most beneficial to the County's award competitiveness.

On November 3, 2005, Dr. Garthwaite and I jointly reported that the most straightforward method would be to contract only for the amount available, but include provisions to periodically "sweep" funds from providers not fully utilizing their allocations and moving the funds to providers are exceeding their contracted visits. We added that this would be most effective for those service categories with a form of "fee-for-service" contract, rather than a "cost-reimbursement" contract.

At that point, we recommended that as service categories are re-bid, a new methodology be developed. We shared that the single largest HIV/AIDS service category, Medical Outpatient, would be converted from "cost-reimbursement" to "fee-for-service" upon completion of a rate study for this service category by Mercer Human Services Consulting. The anticipated conversion time to a fee-for-service reimbursement model was originally March 2007, the point at which OAPP would directly address the over-commitment practice concerns raised by your Board.

While progress continues to be made finalizing the HIV/AIDS Medical Outpatient Rate Study, the new anticipated completion timeframe for the rate study is May 2007. The Request for Proposals for HIV/AIDS Medical Outpatient Services will begin July 2007 and is expected to be completed by mid-2008. The conversion to a fee-for-service model for Medical Outpatient contacts will be implemented with the execution of contracts selected through this RFP process. While we will aim to replace existing medical outpatient contracts with new contracts immediately after the RFP process is completed mid-2008, the conversion will not take place later than March 1, 2009.

OAPP intends to continue to work with the Commission on HIV to address the "over-commitment" of available HIV/AIDS grant resources and will continue to keep your Board apprised of our progress.

JEF:mjp  
PH:511:001

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller